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The Nebraska Worker: A Profile In Employment Growth

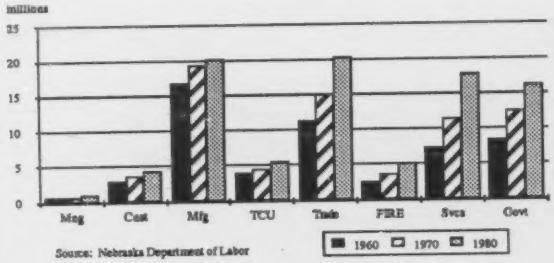
"I think most of us are looking for a calling, not a job. Most of us have jobs that are too small for our spirit. Jobs are not big enough for people." Nora Watson, editor ... excerpted from ***Working*** *by Studs Terkel, Random House, 1974.*

This article examines some major industry and demographic changes in Nebraska since 1960 and compares them to national trends. In general, Nebraska reflects the nation. There are, however, two notable exceptions. On the economic side, Nebraska manufacturing is underrepresented. On the demographic side, Nebraska men and women have labor force participation rates higher than their national counterparts.—

Industry Changes

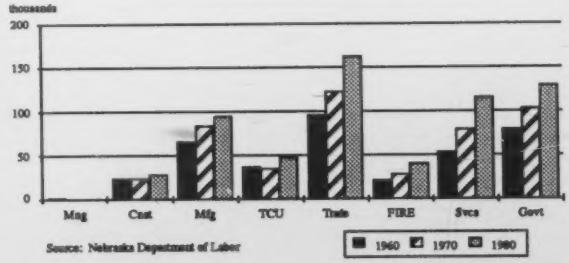
Industry Mix. In charts 1 and 2, a breakdown of both the United States and Nebraska employment by broad industry groupings is presented. Overall, the similarities are striking. The most notable exception is in the relative size of the manufacturing component. Nebraska's employment in manufacturing compared to total state employment is underrepresented by national standards. This is of some concern because manufacturing generally provides high wages and skilled occupations. For Nebraska, 1987 average hourly earnings in services, where Nebraska is well represented, were $6.63. For manufacturing, they were $9.34, or 40 percent higher. Furthermore, about two-thirds of Nebraska's nondurable manufacturing is related to food processing, a relatively low wage industry compared to other manufacturing activities.

Chart 1
U.S. Employment by Industry
— 1960 - 1970 - 1980



Source: Nebraska Department of Labor

Chart 2
Nebraska Employment by Industry
1960 - 1970 - 1980



Source: Nebraska Department of Labor

In This Issue . . .

In this edition of *Business in Nebraska*, we have introduced some new features and expanded some of your long-standing favorites. Here are some of the highlights.

Feature article..... 1
County of the month..... 2
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Industrial Shifts. A common way to view industry change is to examine shifts in employment. Chart 3 presents changes in the employment by industry from 1960 to 1980. Two features of this display go against the common wisdom about Nebraska. First, the rate of growth in manufacturing employment for the state was more than double that of the nation, but this growth was still inadequate to eliminate the underrepresentation noted earlier. Second, the rate of growth in service employment, although more than doubling over the twenty year period, lagged behind the national growth rate. Growth in other service-related sec-

(continued on page 2)

County of the Month

Scotts Bluff

Size of county: 745 square miles, ranks 31st in the state
Population: 37,900 (estimated) in 1986, 38,344 in 1980, ranks 5th in the state, percent change 1980-1986 -1.2%
Per capita personal income: $12,393 in 1986, ranks 64th in the state
Unemployment rate: 8.7% in Scotts Bluff county, 4.9% in Nebraska in 1987
Net taxable retail sales ($000, unadjusted for inflation): $214,317 in 1986, $221,963 in 1987, $18,724 in May 1988, May 1988 as a percent of May 1987 = 104.4%

Nonfarm employment:	State	Scotts Bluff County
Wage & salary workers	659,223	13,640
	-----(percent of total)-----	
Manufacturing	13.3%	13.2%
Construction & Mining	3.9	2.9
Transportation, Communication, and Utilities	6.5	8.1
Retail Trade	18.7	22.6
Wholesale Trade	7.1	7.5
Finance, Insurance, and Real Estate	7.3	5.1
Services	22.7	21.6
Government	20.5	19.0
Total	100.0	100.0

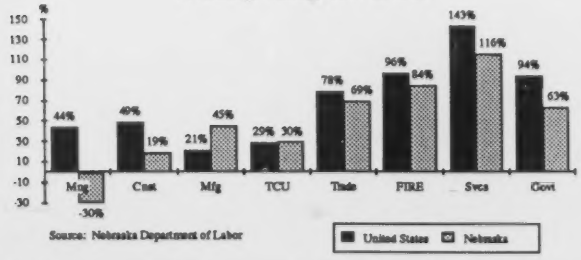
Agriculture:
Number of farms: 987 in 1982, 1,078 in 1978
Average farm size: 468 acres in 1982
Market value of farm products sold: $184 million in 1982 ($186,400 average per farm)

Sources:
U.S. Department of Commerce, *Area Measurement Reports*, 1970
U.S. Department of Commerce, Bureau of the Census, Series P-26, No. 86-A, August 1987, *Provisional Estimates of the Population of Counties, July 1, 1986*
U.S. Department of Commerce, Bureau of Census, *1980 Census of Population*, Chapter C, Part 29, Nebraska
U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, April 1988, Volume 68, Number 4
Nebraska Department of Labor, *Nebraska Labor Market Information Quarterly, Summary Report, 1987*
U.S. Department of Commerce, Bureau of the Census, *Census of Agriculture*, Volume 1, Part 27, 1982

M.W.E.

(continued from page 1)

Chart 3
Employment Shifts
Percentage Change 1960 to 1980



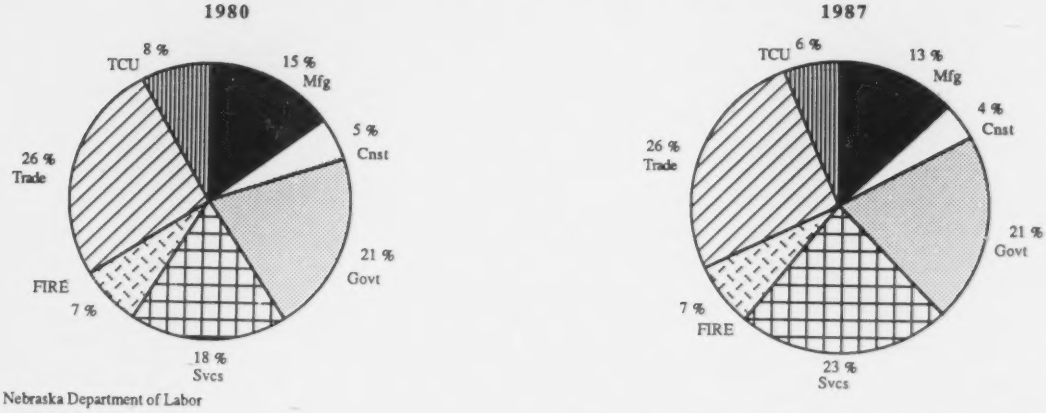
tors—transportation, communication, and utilities (TCU); trade; and finance, insurance, and real estate (FIRE)—were close to the national rates. Government employment growth lagged well behind national levels.

A look at recent years shows that the service sector in Nebraska continued its rapid growth. Figure 1 shows the breakdown of the employment by industry in 1980 and 1987. The service sector has grown from 18 percent to 23 percent of the total. The trade, government, and FIRE shares are virtually unchanged. All other sectors lost shares to the service sector. Manufacturing, for example, dropped two percentage points, from 15 percent to 13 percent, in 1987. This relative shift from manufacturing to service employment means that higher paying jobs were giving way to lower paying jobs. In 1987, the average weekly wage in the service industries in Nebraska was $212.16, while in manufacturing it was $378.27. Moreover, fewer hours worked is a pattern common to the service industry, reflecting the growth of part-time employment. Part-time employment is defined as less than 35 hours per week. In 1976, about 93 percent worked full time. Many full-time job seekers had to settle for part-time work involuntarily.

Occupation Shifts. A second way to view industry change is to look at occupational shifts. Growth in Nebraska occupations is seen across the board with the exception of farm employment

(continued on page 3)

Figure 1
Nebraska Employment by Industry, 1980 and 1987



Source: Nebraska Department of Labor

(continued from page 2)

(see chart 4). All other employment areas except crafts grew by over 50 percent from 1960 to 1980. TCU and services grew by over 100 percent in the same period.

As impressive as some of these gains were, Nebraska did not keep pace with national trends in all areas. Although the Nebraska increases from 1960 to 1980 reflected the national trends for service, TCU, and farm employment, in all other occupation groups Nebraska's growth was less than its national counterpart. For the twenty year period Nebraska grew by 51 percent in professional/managerial category while the nation grew at 78 percent; in sales Nebraska grew 64 percent, the nation 114 percent; in clerical Nebraska grew 56 percent, the nation 83 percent; in crafts Nebraska grew 8 percent, the nation 35 percent.

Demographic Changes

Women Workers. With fewer high paying full-time jobs available, the number of persons entering the labor force to supplement the family income has grown. Nationwide, the number of mothers with young children who are employed outside the home is up from 30 percent in 1970 to 54 percent in 1985. The full-time parent not employed outside the home is a vanishing species.

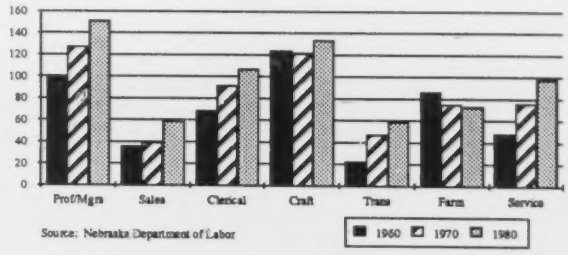
Nebraska participation rates, shown in chart 5, mirror trends in the U.S. economy. Two differences are notable. First, Nebraska women participated both at a greater rate and at a greater rate of gain in participation than United States women. The national participation rates for women were approximately 38 percent in 1960 and 57 percent in 1987. Those numbers imply a gain of only 51 percent nationwide compared to an 80 percent gain for Nebraska women. Second, Nebraska men had participation rates higher than national rates and showed a slight increase from 1960 to 1987, while men's participation rates have dropped nationally.

Migration. Workers are migrating in growing numbers to the state's metropolitan areas. Nebraska's metropolitan counties (Lancaster, Douglas, Sarpy, and Washington) account for 57 percent of all nonfarm jobs. Over a ten year period, job growth was over 20 percent in the metropolitan areas. Other nonmetropolitan counties with less diverse economies have become less able to provide careers for successive generations of Nebraskans.

Aging Employment. As in the nation, Nebraska's baby boomers are entering middle age. The implication here is that the number of young adults available for entry-level jobs is a diminishing share of the population. Critical to Nebraska's future will be its ability to retain these workers.

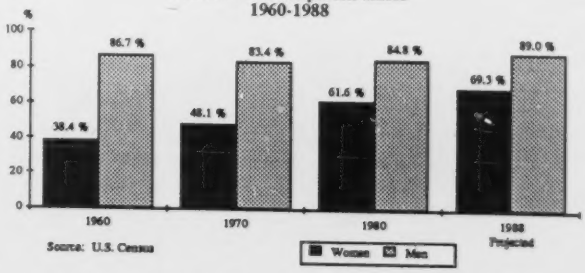
The number of older workers will increase in Nebraska and nationwide, creating a need for job advancement opportunities, adequate compensation, and job quality. A more mature, experienced, and educated employment, in turn, will up the demand for job training and career development. The spiraling competition of the domestic and international economy will heighten the emphasis on job benefits and retirement planning.

Chart 4
Nebraska Employment by Occupation
1960 - 1970 - 1980



Source: Nebraska Department of Labor

Chart 5
Nebraska Participation Rates
1960-1988



Source: U.S. Census

This article was condensed by the Bureau research staff from an unpublished report by Tom Maloney, Research Supervisor, Nebraska Department of Labor.

CITY BUSINESS INDICATORS
Percent of Same Month One Year Ago
MAY 1988

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	101.1	121.2
Alliance	100.6	45.7
Beatrice	101.3	263.8
Bellevue	101.2	106.9
Blair	101.2	23.8
Broken Bow	102.2	191.5
Chadron	101.3	47.8
Columbus	103.7	172.7
Fairbury	101.9	2618.4
Falls City	100.8	88.8
Fremont	101.0	78.4
Grand Island	100.6	185.5
Hastings	99.9	185.2
Holdrege	101.4	119.1
Kearney	100.3	291.4
Lexington	100.3	355.1
Lincoln	100.7	151.2
McCook	100.5	876.3
Nebraska City	101.4	78.9
Norfolk	100.9	131.3
North Platte	100.3	86.4
Omaha	101.2	99.6
Scottsbluff/Gering	100.4	93.6
Seward	99.5	56.7
Sidney	100.6	206.8
South Sioux City	99.5	100.5
York	100.6	98.6

(1) As a proxy for city employment, total employment (labor force basis) for the county in which a city is located is used.
(2) Building Activity is the value of building permits issued as a spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.
Sources: Labor Market Information Division of the Nebraska Department of Labor and reports from private and public agencies.

Review and Outlook

National Outlook

The national economy grew steadily in the first half of the year. The annualized rates of increase of real GNP for the first and second quarters were 3.4 percent and 3.3 percent respectively. Such growth rates are strong for an economy that has been expanding for so long. Most economic forecasters predict that the economy for the year as a whole will expand at about the first half's rate, with growth slowing next year to about 2.0 percent.

The Consumer Price Index for July was released amidst the election year hoopla given by the press to economic data. It rose 4.1 percent from last year and roughly 5.1 percent at annual rates from June of this year. Although both rates exceed the 3.7 percent annual rise experienced in 1987, a new catastrophic inflationary spiral is not imminent. The 4.1 percent rise versus a year ago is equal to the average of year ago changes experienced for the last twelve months.

The broadest measure of producer prices, finished goods prices, jumped 2.4 percent in July from a year ago. For the same period, intermediate materials increased 6.0 percent, signaling an area that should be watched for increased inflationary pressure. Crude material prices obscured the inflation issue. They were up 1.0 percent from July 1987, but were below both the May and June levels of this year. Clear evidence of an inflationary surge is not shown by producer prices at this time.

Nebraska Outlook

July unemployment data show a continued healthy picture for the state. The unemployment rate for July stood at 3.4 percent, well below the year ago level of 4.7 percent and only one-tenth of a percentage point higher than April, May, and June 1988 levels. Nebraska unemployment is substantially below the U.S. July average of 5.4 percent.

Nebraska total personal income increased 3.0 percent in the first quarter 1988 versus the previous year but dropped from the previous quarter. This confusion is cleared by looking at the farm and nonfarm elements. Farm personal income exploded in the fourth quarter of last year, increasing 260.0 percent above the third quarter. The timing of government deficiency payments caused the surge. Personal farm income then was cut in half in the first quarter of this year.

In contrast, nonfarm personal income has been growing steadily, showing an increase of 4.7 percent for the first quarter of this year versus last. At that rate, personal income is expanding slightly faster than inflation as measured by the CPI. Nonfarm Nebraskans are increasing their purchasing power.

The careful reader may have noticed a seeming inconsistency between the Nebraska net taxable retail sales data and personal income and employment data. Part of the problem is that the data are reported on different time periods and from different sources.

Nonfarm personal income and employment data suggest moderate improvements in the Nebraska economy, while the re-

(continued on page 5)

Review (continued)

tail sales figures indicate a boom. The retail sales figures imply that Nebraskans are participating in a national surge in auto sales.

Nationwide, from May 1987 to May 1988, total auto units sold increased by 9.8 percent while domestic light truck sales gained 17.4 percent. Nebraska motor vehicle retail sales soared 18.1 percent in May 1988 compared to the previous year. On a year-to-date basis, the change was an even larger 28.6 percent, through May 1988 versus a year ago. The lagged effect of the surge in farm personal income in the fourth quarter of 1987 may be a key element influencing Nebraska auto and truck sales. It is likely that the boom in motor vehicle sales will not be sustainable. Net retail sales should return to a less torrid pace.

J.S.A.

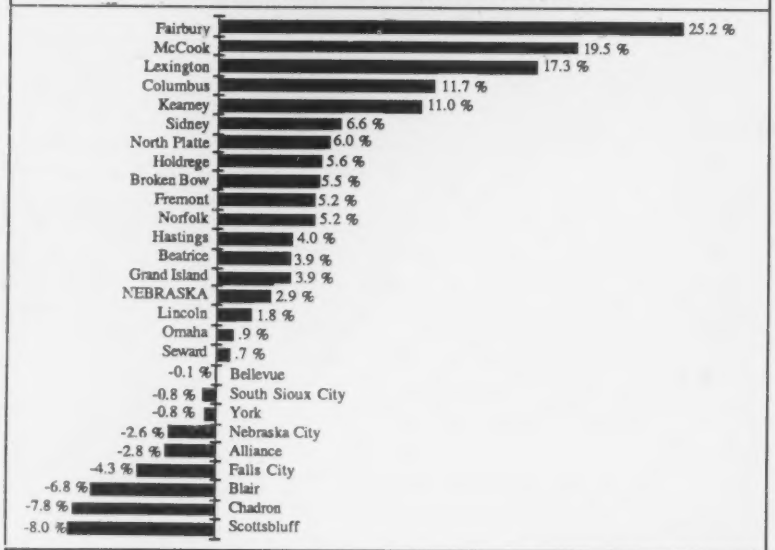
Terms to Know.....

Seasonally Adjusted at Annual Rates (SAAR)

Economic data collected at a frequency less than annual can be subject to seasonal patterns that persist from year to year. The classic example is retail sales measured on either a monthly or quarterly basis. Typically, sales are highest in December or the fourth quarter. Employment figures collected on a monthly basis are another example where persistent seasonal patterns are common. Comparison of contiguous periods of data that contain seasonal patterns can be misleading. Such data can be seasonally adjusted by special statistical techniques that smooth seasonal patterns. The "annual rate" portion of the term signifies that the value reported for the particular period is the value that would occur if the activity level of the period applied to the entire year. For example, the $23,359 million value of Nebraska personal income in the first quarter of 1988 is the value that would be posted for all of 1988 if the first quarter seasonally adjusted activity level was sustained throughout the year.

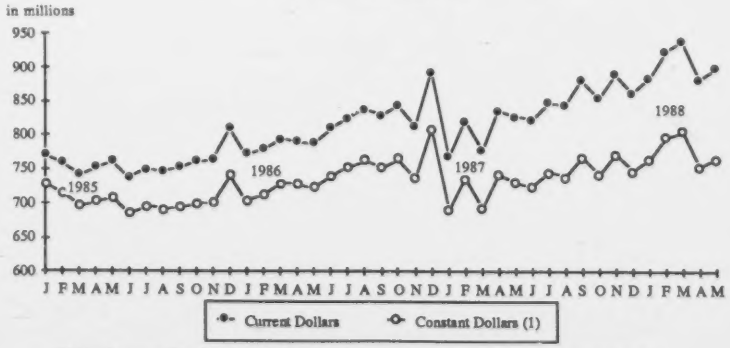
J.R.S.

CITY BUSINESS INDEX
Percentage Change from May 1987 to May 1988



PRICE INDICES	July 1988	Percent of July 1987	1 - 7 /88 as Percent of 1 - 7 /87
Consumer Price Index - U* (1982-84 = 100)			
All Items	118.5	104.1%	104.1%
Commodities	111.5	103.6%	103.5%
Services	126.1	104.6%	104.6%
Producer Price Index (1982 = 100)			
Finished Goods	108.5	102.4%	102.1%
Intermediate Materials	108.2	106.0%	105.5%
Crude Materials	97	101.0%	103.6%
Ag Prices Received (1977 = 100)			
Nebraska	154	114.1%	110.1%
Crops	144	163.6%	125.8%
Livestock	160	97.0%	104.6%
United States	142	110.1%	106.7%
Crops	136	125.9%	113.8%
Livestock	147	99.3%	101.7%
* U = All Urban Consumers			

NEBRASKA NET TAXABLE RETAIL SALES
(seasonally adjusted)



(1) The Consumer Price Index (1982-84 = 100) is used to deflate current dollars into constant dollars.

NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES

Region Number and Cities (1)	City Sales (2) May 1988 in Thousands	City Sales (2) % of May 1987	Region Sales (2) May 1988 in Thousands	Region Sales (2) % of May 1987	Region Sales (2) 1- 5 /88 as % of 1-5 /87
NEBRASKA	$ 766,818	106.6	$ 895,256	108.1	112.2
1 Omaha	266,990	104.3	339,036	105.1	108.5
Bellevue	11,915	101.1	*	*	*
Blair	4,317	102.4	*	*	*
2 Lincoln	99,673	102.2	119,573	106.2	113.0
3 South Sioux City	3,980	101.9	5,996	107.9	129.5
4 Nebraska City	3,380	98.6	16,428	104.5	110.2
6 Fremont	14,505	117.2	26,587	113.7	117.9
West Point	2,449	115.7	*	*	*
7 Falls City	2,060	94.0	8,511	100.8	109.2
8 Seward	3,540	111.9	12,323	102.4	112.9
9 York	5,510	100.9	12,377	101.7	112.2
10 Columbus	14,429	120.7	25,098	115.5	116.7
11 Norfolk	16,020	111.5	29,400	110.1	117.8
Wayne	2,561	107.2	*	*	*
12 Grand Island	29,381	104.9	42,540	109.2	116.6
13 Hastings	13,610	105.9	22,293	104.0	111.4
14 Beatrice	6,718	100.3	15,673	106.1	112.1
Fairbury	2,436	123.4	*	*	*
15 Kearney	16,812	116.7	24,088	112.8	121.0
16 Lexington	5,163	129.0	14,426	115.3	123.8
17 Holdrege	4,330	113.1	7,682	106.7	115.7
18 North Platte	15,917	118.6	19,138	111.9	118.5
19 Ogallala	4,883	100.1	9,937	101.2	112.6
20 McCook	7,552	123.7	10,421	114.0	124.0
21 Sidney	3,899	110.0	7,908	113.0	110.5
Kimball	1,839	117.9	*	*	*
22 Scottsbluff/Gering	12,413	85.1	21,500	102.7	107.5
23 Alliance	5,002	105.2	13,026	104.0	112.9
Chadron	2,571	92.2	*	*	*
24 O'Neill	3,671	97.7	12,277	105.2	116.2
Valentine	2,313	98.8	*	*	*
25 Hartington	1,347	112.7	7,078	96.8	110.7
26 Broken Bow	3,117	106.5	10,728	111.7	124.3

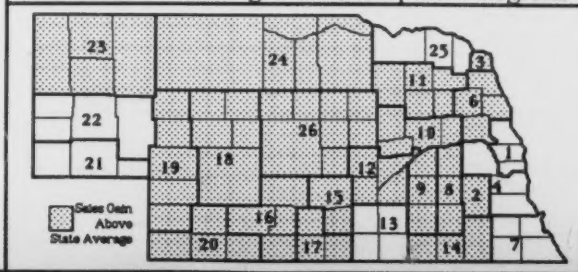
(1) See region map to the right.

(2) Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales. City totals exclude motor vehicle sales.

* Within an already designated region.

Compiled from data provided by Nebraska Department of Revenue.

1988 YTD as % of 1987 YTD in Nebraska's Planning and Development Regions



EMPLOYMENT IN NEBRASKA

Source	Preliminary July 1988	Revised June 1988	July 1987	July 1988 as Percent of July 1987
Place of Work				
Nonfarm	664,436	673,239	655,969	101.3%
Manufacturing	92,971	93,070	89,121	104.3%
Durable Goods	46,285	46,481	43,761	105.8%
Nondurable Goods	46,686	46,589	45,360	102.9%
Mining	1,862	1,857	1,772	105.1%
Construction	25,740	25,423	25,830	99.3%
Transportation, Communication & Utilities	44,234	43,871	42,742	103.5%
Trade	170,626	171,579	170,086	100.3%
Wholesale	48,404	48,428	47,095	102.8%
Retail	122,222	123,151	122,991	99.4%
Finance, Insurance & Real Estate	48,155	48,206	48,363	99.6%
Services	150,642	151,148	148,059	101.7%
Government	130,206	138,085	129,996	100.2%
Place of Residence				
Civilian Labor Force	817,501	821,861	810,638	
Unemployment Rate	3.4	3.3	4.7	

Source: Labor Market Information Division of Nebraska Department of Labor

INCOME AND EARNINGS IN NEBRASKA (1)
(millions of dollars)

	First Quarter 1987	Second Quarter 1987	Third Quarter 1987	Fourth Quarter 1987	First Quarter 1988	1988:I as percent of 1987:I
Income						
Total Personal Income	$22,669	$21,926	$21,903	$24,861	$23,359	103.0%
Nonfarm	20,534	20,648	20,915	21,299	21,501	104.7%
Farm	2,135	1,278	988	3,562	1,858	87.0%
Earnings by Industry (2)						
Ag. Services, Forestry & Fisheries	102	97	95	100	108	105.9%
Mining	71	75	78	80	80	112.7%
Construction	990	921	909	948	986	99.6%
Manufacturing	2,122	2,133	2,196	2,249	2,270	107.0%
Nondurable	1,037	1,056	1,078	1,108	1,110	107.0%
Durable	1,085	1,076	1,118	1,141	1,160	106.9%
Transportation & Public Utilities	1,549	1,547	1,565	1,564	1,563	100.9%
Wholesale Trade	1,111	1,114	1,134	1,146	1,170	105.3%
Retail Trade	1,537	1,557	1,567	1,568	1,583	103.0%
Finance, Insurance & Real Estate	1,214	1,204	1,227	1,231	1,249	102.9%
Services	3,083	3,131	3,197	3,248	3,218	104.4%
Government	2,888	2,923	2,942	3,009	3,070	106.3%
Federal, Civilian	447	442	448	456	460	102.9%
Military	394	396	398	396	404	102.5%
State & Local	2,047	2,085	2,096	2,157	2,206	107.8%

(1) All data are seasonally adjusted at annual rates.
(2) Earnings is the sum of wages and salaries, other labor income, and income earned by sole proprietors.

Bureau Personnel Notes:

Charles Lamphear & James Schmidt

One need not be an economist to know that irrigation has a tremendous impact on Nebraska's economy. Knowing just what that impact is, however, could be an asset to the state.

This fall the Bureau of Business Research will undertake a study to measure the economic impact of irrigation on Nebraska's economy. Heading the research team is Dr. F. Charles Lamphear, interim director of the Bureau and professor of economics in the UN-L College of Business Administration.

Few scholars could be more well-suited to the task. Dr. Lamphear is a nationally prominent expert in socioeconomic impact assessment—evaluating how an event affecting the environment in turn can alter the economic climate of a region. Lamphear has studied drought, hurricanes, and oil spills. He has published numerous papers on Nebraska's economy as it is affected by irrigation and ground water supply and on cropping patterns and weather variability.

Another project beginning at the Bureau is to develop an econometric model of Nebraska's economy. Such a model will become a useful tool in forecasting the effects of changes in the major factors in the economy.

"An econometric model will allow us to make predictions about the impact on the economy from state and national events," says Dr. James R. Schmidt, acting associate director of the Bureau and associate professor of economics. The model will allow the Bureau to make regular forecasts in *Business in Nebraska*.

The development of the model also will lead to a "state of the state" report to be published early in 1989.

N.W.

BB Scoreboard

Percent of same month one year ago

	State	Metro	Nonmetro
Motor Vehicle Sales (May)	↑	↑	↑
Building Activity (May)	↑	↑	↑
Nonmotor Vehicle Sales (May)	↑	↑	↑
Employment (July)	↑	↑	↑
Unemployment (July)	↓	↓	↓

Business in Nebraska

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Association for University Business & Economic Research

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